

FOR IMMEDIATE RELEASE  
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CWV: TSX.V

## **Crown Point Announces Operating and Financial Results for the Three and Six Months Ended June 30, 2021**

**TSX-V: CWV: Crown Point Energy Inc.** (“Crown Point”, the “Company” or “we”) today announced its operating and financial results for the three and six months ended June 30, 2021.

Copies of the Company’s June 30, 2021 unaudited condensed interim consolidated financial statements and management’s discussion and analysis (“MD&A”) filings are being filed with Canadian securities regulatory authorities and will be made available under the Company’s profile at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.crownpointenergy.com](http://www.crownpointenergy.com). **All dollar figures are expressed in United States dollars (“USD”) unless otherwise stated.** References to “ARS” are to Argentina Pesos.

In the following discussion, the three and the six months ended June 30, 2021 may be referred to as “Q2 2021” and “the June 2021 period”, respectively. The comparative three and six months ended June 30, 2020 may be referred to as “Q2 2020” and “the June 2020 period”, respectively.

### **Q2 2021 SUMMARY**

During Q2 2021, the Company:

- Reported income before taxes of \$0.7 million and a net loss of \$0.5 million as compared to Q2 2020 when the Company reported a loss before taxes of \$1.1 million and a net loss of \$0.7 million;
- Reported net cash provided by operating activities of \$0.8 million and funds flow from operating activities of \$2.8 million as compared to Q2 2020 when the Company reported \$0.5 million of net cash used by operating activities and \$0.1 million of funds flow used by operating activities;
- Made the \$4.17 million payment to the Province of Mendoza for the acquisition of the 50% working interest in the Chañares Herrados producing oil block (the “CH Concession”) which closed in March 2021;
- Earned \$7.8 million of oil and natural gas sales revenue on total average daily sales volumes of 1,952 BOE per day, up from \$0.9 million of oil and natural gas sales revenue earned on total average daily sales volumes of 775 BOE per day in Q2 2020 due to the combined effect of oil sales from both the CH Concession and the Tierra del Fuego Concession. There were no oil sales in Q2 2020;
- Received an average of \$3.47 per mcf for natural gas and \$57.16 per bbl for oil compared to \$2.24 per mcf for natural gas received in Q2 2020. There were no oil sales in Q2 2020;
- Reported an operating netback of \$18.06 per BOE, up from \$(0.05) per BOE in Q2 2020 due to the effect of oil sales in Q2 2021;
- Repaid \$1.3 million (ARS 134.7 million) and obtained \$0.5 million (ARS 50 million) of short-term working capital loans; and
- Reported a working capital surplus of \$5.3 million.

## **OPERATIONAL UPDATE**

### **Tierra del Fuego Concession ("TDF")**

#### La Angostura Concession

During the June 2021 period, San Martin oil production averaged 1,726 (net 600) bbls of oil per day. Oil is transported through the San Martin oil pipeline connecting the field to the Cruz del Sur facility for storage and subsequent sale. A workover was performed on SM x-1001 in mid-February to shut off the original perforations at 1910-1913m with a cement plug at 1902m, and to perform an acid stimulation on the upper perforations at 1871-1876m. The well was placed back on stream on February 17, 2021 producing an average of 600 bbls of fluid per day at a 46% average water cut. During the June 2021 period, the well produced at an average of 241 (net 84) bbls of oil per day at a 65% average water cut.

#### Las Violetas Concession

During the June 2021 period, natural gas production from the Las Violetas concession averaged 14,557 (net 5,058) mcf per day and oil production averaged 369 (net 128) bbls of oil per day. Oil produced in association with natural gas production is trucked to the San Martin field, blended with San Martin oil and transported via the San Martin oil pipeline to Cruz del Sur for storage and sale.

### **Chañares Herrados ("CH") Concession**

On March 13, 2021, the Crown Point – Aconcagua joint venture took over operatorship of the CH Concession. By the end of June 2021, workovers on 14 shut-in oil wells had been carried out and those wells were placed back on production. Average oil production for the 109 day period from March 13 to June 30, 2021 was 804 (net 402) bbls of oil per day.

### **Cerro de Los Leones ("CLL") Exploration Permit**

In February 2021, the Province of Mendoza issued Resolution N°6/2021 which extended the Period 3 term of the CLL exploration permit by one year to February 23, 2022 and confirmed that the CLL permit area remains at 100,907 acres. The Company is committed to drilling one exploration well on the CLL permit by February 22, 2022.

## **OUTLOOK**

The Company's capital spending for fiscal 2021 is budgeted at \$7.5 million comprised of \$2.3 million for ongoing improvements to facilities in TDF and the construction of a field oil pipeline to a new delivery point at the Cullen terminal located in the north of TDF, \$2.7 million for well workovers, facilities improvements and optimization in CH and \$2.5 million to drill one exploration well on the CLL exploration permit.

During the June 2021 period, the Company incurred \$0.8 million of capital expenditures on the TDF concession and \$0.9 million of capital expenditures on the CH concession.

## **ARGENTINA – COVID-19**

On August 6, 2021, after 10 consecutive weeks of lower COVID-19 cases and eight weeks of decreasing deaths, the government announced a relaxation of restrictions. The first stage of the new program will include an increase in the number of people who can meet in person, re-opening of schools and an increase in the number of people allowed to enter the country to 1,700 per day from 1,000 per day. The second stage, depending on infection rates, will include greater capacity for closed-door gatherings, unlimited attendance at open-air events, group trips for those who are fully vaccinated and the reopening of borders to receive vaccinated foreigners. The program will eventually include the re-opening of outdoor sporting events if the number of COVID-19 cases continues to fall.

## SUMMARY OF FINANCIAL INFORMATION

(expressed in \$, except shares outstanding)	June 30 2021	December 31 2020	December 31 2019
Working capital	5,285,439	3,021,590	1,831,197
Exploration and evaluation assets	11,182,557	11,182,557	10,920,359
Property and equipment	33,429,748	16,358,182	31,151,688
Non-current contingent consideration receivable	–	–	1,634,740
Total assets	53,970,775	33,687,340	55,638,052
Non-current financial liabilities	5,736,653	972,765	3,283,943
Share capital	56,456,328	56,456,328	56,456,328
Total common shares outstanding	72,903,038	72,903,038	72,903,038

(expressed in \$, except shares outstanding)	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Oil and natural gas sales revenue	7,849,780	949,305	11,378,149	5,269,544
Gain on acquisition of working interest	–	–	8,182,410	–
Impairment of property and equipment and goodwill	–	–	–	9,985,549
Income (loss) before taxes	669,772	(1,079,806)	8,253,651	(11,891,449)
Net income (loss)	(472,492)	(651,385)	7,623,614	(9,327,935)
Net income (loss) per share <sup>(1)</sup>	(0.01)	(0.01)	0.10	(0.13)
Net cash provided (used) by operating activities	785,714	(506,003)	2,341,235	(984,937)
Net cash per share – operating activities <sup>(1)</sup>	0.01	(0.01)	0.03	(0.01)
Funds flow from (used by) operating activities <sup>(2)</sup>	2,776,872	(118,304)	3,286,805	371,653
Funds flow per share – operating activities <sup>(1)(2)</sup>	0.04	(0.00)	0.05	0.01
Weighted average number of shares - basic	72,903,038	72,903,038	72,903,038	72,903,038
Weighted average number of shares - diluted	72,903,038	72,903,038	72,985,633	72,903,038

(1) All per share figures are the same for the basic and diluted weighted average number of shares outstanding in the period. The effect of options is anti-dilutive in loss periods. Per share amounts may not add due to rounding.

(2) "Funds flow from (used by) operating activities" and "Funds flow per share – operating activities" are non-IFRS measures. See "Non-IFRS Measures" in the "Advisory" section of this press release and in the Company's June 30, 2021 MD&A for a reconciliation of these measures to the nearest comparable IFRS measures.

## Sales Volumes

	TDF	CH	Three months ended June 30	
			2021	2020
			Total	Total (TDF)
Light oil bbls per day	841	411	1,252	–
NGL bbls per day	11	–	11	3
Natural gas mcf per day	4,136	–	4,136	4,627
Total BOE per day	1,541	411	1,952	775

	TDF	CH	Six months ended June 30	
			2021	2020
			Total	Total (TDF)
Light oil bbls per day	662	242 <sup>(1)</sup>	904	422
NGL bbls per day	7	–	7	3
Natural gas mcf per day	4,335	–	4,335	4,915
<b>Total BOE per day</b>	<b>1,391</b>	<b>242</b>	<b>1,633</b>	<b>1,244</b>

<sup>(1)</sup> 242 BOE per day is based on 181 days in the June 2021 period; based on 109 days of ownership of the CH Concession from March 13 to June 30, 2021, total CH sales volumes were 401 BOE per day.

### Operating Netback

Per BOE	TDF	CH	Three months ended June 30	
			2021	2020
			Total	Total (TDF)
Oil and natural gas revenue (\$)	42.97	48.78	44.19	13.47
Export tax (\$)	(2.51)	–	(2.51)	(0.06)
Royalties and turnover tax (\$)	(7.29)	(8.08)	(7.46)	(2.04)
Operating costs (\$)	(11.09)	(35.22)	(16.16)	(11.42)
<b>Operating netback <sup>(1)</sup> (\$)</b>	<b>22.08</b>	<b>5.48</b>	<b>18.06</b>	<b>(0.05)</b>

Per BOE	TDF	CH	Six months ended June 30	
			2021	2020
			Total	Total (TDF)
Oil and natural gas revenue (\$)	36.76	48.53	38.50	23.27
Export tax (\$)	(1.86)	–	(1.86)	(1.18)
Royalties and turnover tax (\$)	(6.11)	(7.80)	(6.36)	(3.47)
Operating costs (\$)	(10.74)	(33.91)	(14.17)	(14.68)
<b>Operating netback <sup>(1)</sup> (\$)</b>	<b>18.05</b>	<b>6.82</b>	<b>16.11</b>	<b>3.94</b>

<sup>(1)</sup> "Operating netback" is a non-IFRS measure. See "Non-IFRS Measures" in the "Advisory" section of this press release.

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### About Crown Point

Crown Point Energy Inc. is an international oil and gas exploration and development company headquartered in Calgary, Canada, incorporated in Canada, trading on the TSX Venture Exchange and operating in Argentina. Crown Point's exploration and development activities are focused in three producing basins in Argentina, the Austral basin in the province of Tierra del Fuego, and the Neuquén and Cuyo basins in the province of Mendoza. Crown Point has a strategy that focuses on establishing a portfolio of producing properties, plus production enhancement and exploration opportunities to provide a basis for future growth.

#### Advisory

**Non-IFRS Measures:** Non-IFRS measures do not have any standardized meanings prescribed by IFRS and may not be comparable with the calculation of similar measures used by other entities. Non-IFRS measures should not be considered alternatives to, or more meaningful than, measures determined in accordance with IFRS as indicators of the Company's performance.

This press release contains the terms "funds flow from (used by) operating activities" and "funds flow per share – operating activities" which should not be considered alternatives to, or more meaningful than, net cash provided (used) by operating activities and net cash per share – operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Management uses funds flow from (used by) operating activities to analyze operating performance and considers funds flow from (used by) operating activities to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investment. Funds flow per share – operating activities is calculated using the basic and diluted weighted average number of shares for the period consistent with the calculations of earnings per share. For a reconciliation of funds flow from (used by) operating activities to net cash provided (used) by operating activities, which is the most directly comparable measure calculated in accordance with IFRS, see the Company's MD&A.

This press release also contains other industry benchmarks and terms, including "operating netbacks (calculated on a per unit basis as oil, natural gas and NGL revenues less royalties and turnover tax, export tax and operating costs), which is a non-IFRS measure. See "Operating Netback" for the calculation of operating netbacks. Management believes this measure is a useful supplemental measure of the Company's profitability relative to commodity prices. Readers are cautioned, however, that operating netbacks should not be construed as an alternative to other terms such as net (loss) income as determined in accordance with IFRS as measures of performance. Crown Point's method of calculating this measure may differ from other companies, and accordingly, may not be comparable to similar measures used by other companies.

**Abbreviations and BOE Presentation:** "API" means American Petroleum Institute gravity, being an indication of the specific gravity of crude oil measured on the API gravity scale; "bbl" means barrel; "bbls" means barrels; "BOE" means barrels of oil equivalent; "km" means kilometers; "km<sup>2</sup>" means square kilometers; "m" means meters; "mm" means millimeters; "mcf" means thousand cubic feet, "mmcf" means million cubic feet, "NGL" means natural gas liquids; "psi" means pounds per square inch; and "YPF" means Yacimientos Petrolíferos Fiscales S.A. All BOE conversions in this press release are derived by converting natural gas to oil in the ratio of six mcf of gas to one bbl of oil. BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six mcf of gas to one bbl of oil (6 mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the price of crude oil as compared to natural gas in Argentina from time to time may be different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

**Forward-looking Information:** This document contains forward-looking information. This information relates to future events and the Company's future performance. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information. Such information represents the Company's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this document may contain forward-looking information attributed to third party industry sources. Crown Point believes that the expectations reflected in this forward-looking information are reasonable; however, undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. This press release contains forward-looking information concerning, among other things, the following: under "Outlook", our estimated capital spending for fiscal 2021 in total and in each area and the operational activities at TDF, CH and CLL that we expect to complete during fiscal 2021; under "About Crown Point", all elements of the Company's business strategy and focus. The reader is cautioned that such information, although considered reasonable by the Company, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided in this document as a result of numerous known and unknown risks and uncertainties and other factors. A number of risks and other factors could cause actual results to differ materially from those expressed in the forward-looking information contained in this document including, but not limited to, the following: the risks and other factors described under "Business Risks and Uncertainties" in our MD&A for the three and six months ended June 30, 2021 and under "Risk Factors" in the Company's most recently filed Annual Information Form, which is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, note that information relating to reserves and resources is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be economically produced in the future. With respect to forward-looking information contained in this document, the Company has made assumptions regarding, among other things: the impact (and the duration thereof) that the COVID-19 (coronavirus) pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) our supply chain, including our ability to obtain the equipment and services we require, (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas, and (iv) the ability of our customers, joint venture partners and other contractual counterparties to comply with their contractual obligations to us; the ability and willingness of OPEC+ nations, Russia and other major producers of crude oil to reduce or maintain crude oil production levels and thereby maintain or increase global crude oil prices; that Roch S.A.'s voluntary reorganization filing will not have an adverse impact on its ability to operate the TDF concessions, and therefore will not have an adverse impact on the TDF UTE, the TDF concessions and/or the Company; matters relating to the recently completed Chañares Herrados acquisition, including the amount and timing of capital expenditures thereon, production rates therefrom, revenues to be derived therefrom and the ability of the joint venture to reduce operating costs; the impact of inflation rates in Argentina and the devaluation of the Argentine peso against the USD on the Company; the amount of royalties that the Company will have to pay to a third party vendor of assets and the ability of the Company to recover a portion of such royalties from its joint venture partners; the general stability of the economic and political environment in which the Company operates, including operating under a consistent regulatory and legal framework in Argentina; future oil, natural gas and NGL prices (including the effects of governmental incentive programs and government price controls thereon); the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the costs of obtaining equipment and personnel to complete the Company's capital expenditure program; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; that the Company will not pay dividends for the foreseeable future; the ability of the Company to obtain financing on acceptable terms when and if needed; the ability of the Company to service its debt repayments when required; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration activities; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in Argentina; and the ability of the Company to successfully market its oil and natural gas products. Management of Crown Point has included the above summary of assumptions and risks related to forward-looking information included in this document in order to provide investors with a more complete perspective on the Company's future operations. Readers are cautioned that this information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this document are expressly qualified by this cautionary statement. The forward-looking information contained herein is made as of the date of this document and the Company disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws.

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